

News round-up...

● UK venture philanthropy pioneer Impetus Trust is to provide unrestricted funding of £400,000 (€464,000) over the next four years to Blue Sky Development & Regeneration in support of its expansion. Blue Sky works to break the cycle of re-offending, which costs the UK £12bn a year. The organisation offers six months' paid employment to people recently released from prison, with the intention of helping them move into long-term employment. Consistent work reduces the probability of reoffending by up to 50%. The reoffending rate among former Blue Sky employees is one quarter of the national average.
www.impetus.org.uk
www.blueskydevelopment.co.uk

● A number of EVPA members figure in a book published in German by Lucius & Lucius. *Venture Philanthropy in Theorie und Praxis*, by Hoelscher, Ebermann, Schlüter, features Peter Heller from Canopus Foundation, Ann-Kristin Achleitner from the Centre for Entrepreneurial and Financial Studies, Michael Alberg-Seberich from Active Philanthropy, Erwin Stahl from BonVenture Management, Michael Fembek from Essl Foundation, and Felix Oldenburg from Ashoka. The book's introduction was written by Rob John, who was at that time an adviser to the EVPA.

www.luciusverlag.com/shop/product_info.php/info/p9690_Venture-Philanthropy-in-Theorie-und-Praxis.html (in German)

● A year in the making, Barcelona-based Invest for Children has launched an interactive, video-sharing website relating to Down's Syndrome. This project, called Down TV, allows users to upload and share their homemade videos or professional films. The site is meant to be a source for audiovisual answers to all questions about the condition, also known as Trisomy 21.
www.investforchildren.org www.downtv.org

● The Wood Family Trust will be making a £6m (€7m) investment in the Tanzanian tea industry. The Chai-Kwa mendeleo ya Tanzania (Tea for the Development of Tanzania) project will run over six years and aims to double production of smallholder farmers, assuring competitiveness and eventually sustainability. An estimated 31,253 smallholder farmers are directly involved in Tanzania's tea-growing sector, which earns £19.2m per year in export earnings and supports more than 50,000 families.
www.woodfamilytrust.org

● In the wake of the Chilean earthquake last February, the Nonprofit Enterprise and Self-

sustainability Team (NESsT) has launched the Levantando Chile Fund, which provides immediate aid and long-term support to Chilean non-profit groups working in the communities most affected by the disaster.
www.nesst.org www.levantandochile.org

● Norwegian EVPA member Voxtra has just hosted a seminar in Oslo on the development of impact-investing as an industry. Jed Emerson, author behind the term "blended value", was one of the keynote speakers. The event was attended by 60 members of Norway's investment community, including several chief executives.
www.voxtra.org

● On 1 February, ESSEC Business School launched its Institute for Social Innovation and Social Entrepreneurship. More than 100 participants joined sessions to explore The New Frontiers of Social Entrepreneurship. The institute consolidates and amplifies the activities and achievements of the Social Entrepreneurship Centre created by ESSEC in 2003. Its main goal is to contribute to the development of social innovation, social entrepreneurship and the maximisation of their social impact through teaching, research and experimentation.
www.iies.fr (in French)

From the managing director's desk

Dear friends,

Welcome to the redesigned EVPA newsletter. The new look and format is part of a series of changes being implemented so we can offer more to our members.

We are delighted James Mawson, editor at Private Equity News has offered his time to help us on a pro-bono basis. Many thanks to Keith Baldock for his help with the layout. This bulletin will now be sent to the EVPA community each month, with non-members added to the mailing every quarter.

Most importantly, we want this newsletter to be about you, for you. So please send us information about events or projects that may be happening, your suggestions for feature articles, and your views/ideas/opinions about current developments in venture philanthropy.

Email your contributions to Jory, our membership services co-ordinator.

The change of season also heralds a new phase in our existence. The EVPA Knowledge Centre was launched in Brussels last month and has Lisa Hehenberger as the research director to co-ordinate data-gathering and future publications. More publications and other initiatives follow the initial papers which came out in the winter. Further information is detailed on the last page.

Finally, before you start planning that summer vacation, please consider the upcoming events listed at the back. Hopefully, there will be opportunities for either you or your colleagues to engage.

We already have our sights set for the annual conference, which takes place in November in Luxembourg after a record

gathering at our last one in Amsterdam.

Meanwhile, we look forward to meeting up or hearing from you soon.

Best regards,
Beate Trück,
managing
director



Venture philanthropy helps TowerBrook Foundation make effective change

By James Mawson



Linking symbols: London's Tower Bridge, above, and New York's Brooklyn Bridge, after which TowerBrook was named

If all charities are worthy of support then being a philanthropist risks being overwhelmed by requests without effecting significant results.

This dilemma of wanting to support meaningful, positive change in people's lives has led the TowerBrook Foundation on its six-year course from distributing charity widely to a more focused investment strategy and membership of the European Venture Philanthropy Association.

Ramez Sousou, London-based co-chief executive of TowerBrook Capital Partners, a buyout firm that established the foundation, said: "When we set it up in 2004, the partners wanted to give to conscience – albeit apolitical and non-religious – so we ended up with 80 charities receiving an average of \$20,000 (€15,000) to \$25,000 each, which does a lot of good but does not use our skills to the best advantage.

"So we said, 'what is the alternative?' The answer was venture philanthropy. We then

had to say 'what do we care about?' which we thought of as making an impact and measuring it, finding a cause we could all believe in, and being involved personally. So our focus became young people through a smaller number of charities and where we could write a larger cheque on condition we could be involved."

As a private equity firm, TowerBrook has been involved with the process of selecting investments on behalf of its investors and donates \$2m per year to the Foundation along with an unspecified amount of its performance fees – called carried interest – that has yet to be paid.

By comparison, the UK's National Council for Voluntary Organisations, which publishes a definitive almanac on charitable giving, in its most recent study said there were 171,047 charities between 2007 and 2008 of which 4,566 had an income of more than £1m (€1.2m) a year. By concentrating its donations, therefore, TowerBrook Foundation

and its partners can significantly alter a charity's financial and operational resources.

Some of the first fruits of TowerBrook's venture philanthropy focus were seen in March with £300,000 and £420,000 committed over three years to Tomorrow's People and City Year, respectively.

The cheques were made as co-investments alongside the Private Equity Foundation, a venture philanthropy organisation set up in 2007 and chaired by Sousou.

Filippo Cardini, chief operating officer at TowerBrook and the other named director of its foundation, according to Companies House in the UK, said: "Partnership with the PEF offered us just what we were looking for in terms of pursuing a more engaged and meaningful model of philanthropy with our donations.

"Taking our requirements into account, the PEF suggested a shortlist of organisations from its portfolio of 17 highly effective

charities, from which we chose City Year and Tomorrow's People. Both give us the unique opportunity to really contribute to their vital work in a pro bono capacity, as well as a financial one, at a crucial time in their development."

For the launch of City Year London later this year, TowerBrook is providing the group with office space. Cardini is also part of its founding committee and said the time involved was nine board meetings a year of two to three hours each and a "few fundraising drinks and dinners, which are very pleasant and which I can weave into my social life by inviting my wife and friends".

Sousou, who is also chairman of the National Development Board at the National Society for the Prevention of Cruelty to Children, one of the UK's largest charities, added: "You can make an impact with a nascent organisation without taking start-up risks. City Year London is being set up by the PEF, which is donating £1m, and donors based on its 20-year success in the US. It is nascent, therefore, but with broad shoulders. Tomorrow's People is similar as the commitment will fund a programme [to start operations in the London boroughs of Hammersmith and Fulham] in an established group rather than a new charity.

"The discipline in venture philanthropy is to find the right goal and right people and manage it to see results. Venture philanthropy is about being smart about giving: how effective, not just how efficient the charity is in changing lives.

"The PEF looks at a broad number of charities and does detailed due diligence on whether the charity can improve and run the organisation successfully – whether it is willing and able to grow and change. For the majority, the answer is no. Just as you can get a great investor but a poor manager so in charity you can have a wonderful social worker but a poor manager."

Cardini said this sorting through the different charities and picking suitable partners was a challenge. He said: "As a donor you have to set the parameter and be disciplined – just say no to the many. Any charity is a worthy cause so using venture philanthropy tools legitimises saying 'no' to these.

"The EVPA and the PEF gives a framework for professionalism in which we

Tomorrow's People

Tomorrow's People is a specialist national employment charity which since 1984 has helped more than 400,000 of the long-term unemployed on their journey back to work.

The charity helps break the cycle of unemployment and welfare dependency so that people can move into employment and self-sufficiency, improving their lives and those of their families and communities. Up until the recent economic downturn, 90% of the people it helped to find work were still there after three months and 76% were still employed after a year.

The second strand of the PEF's partnership with TowerBrook involves Tomorrow's People's Working It Out programme, which helps socially-excluded young people develop employability skills and confidence, to break the cycle of poor self-esteem and long-term joblessness.

The PEF invested £625,000 in July 2008 to help refine and scale up Working It Out across England and Scotland and the TowerBrook Foundation's £300,000 donation will specifically enable expansion into Hammersmith and Fulham. In particular, TowerBrook will be providing pro bono support to help the charity test a social enterprise element of the scheme.

For more information visit www.tomorrows-people.org.uk



Chief executive
Debbie Scott

City Year London

City Year London is a new scheme to give teams of volunteers, aged 18 to 25, the opportunity to spend a year mentoring in schools.

Starting in Shoreditch in September, City Year London will have more than 50 people trained and ready to volunteer in six primary schools in Hackney, Tower Hamlets and Islington to help 1,500 children. They will bridge the gap between pupils and teachers and act as role models, as well as providing additional in-class support, after-school clubs and individual attention to those pupils who most need it.

City Year London is part of the international charity City Year, based in the US. Founded in 1988, more than 10,000 young people have been part of the City Year corps helping millions of children across 19 cities in the US and in Johannesburg, South Africa.

The volunteers wear distinctive red jackets and become an integral part of the school community, based on the principle that young people can change the world. The schools in which City Year has a presence have had dramatically improved results. Attendance levels at schools rises, behaviour improves and academic achievement increases.

For more information visit: www.cityyear.org.uk or the US website: www.cityyear.org



Chief executive
Sophie Livingstone

can operate. It creates a platform for similar-minded people to share ideas and feel they are not alone.

"Giving money away is hard if you do it properly, especially if you come from a venture capital or private equity mindset of being thoughtful and making an impact.

"The EVPA also creates a voice because giving is so fragmented and, with more data and research, working groups and committees, it can be a thought-leader."

The foundation is also being used as a tool by Sousou and his New York City-based co-CEO, Neal Moszkowski, to develop TowerBrook's culture within the buyout firm after it became independent in 2004 from legendary hedge fund manager George Soros's asset management team. Sousou said: "Neal and I think it is important venture philanthropy is part of our culture. It reinforces our values to give in a corporate manner and makes us a better firm."

**New
member
profile**

The INSEAD Business School has recently joined EVPA via their Social Entrepreneurship Initiative. The initiative addresses the gap of high-level business, management, and strategy skills that some social entrepreneurs may need to fill in order to propel their organisations to the same level of remarkable growth enjoyed by the private sector. Just as venture philanthropy has been referred to as the marriage of venture capital practices and traditional philanthropy, social entrepreneurship has been described as the wedding of an entrepreneurial spirit with a social mission. The school itself is an entrepreneurial organisation and is keen to contribute to the growing field of social entrepreneurship which seeks to achieve extraordinary social impact. INSEAD joins our growing list of educational institution members, which includes Cambridge University, Dublin City University, Ecole Polytechnique Fédérale de Lausanne, ESADE, ESSEC, IESE, and the University of Warwick. www.insead.edu/facultyresearch/centres/social_entrepreneurship



Diary for a venture philanthropist...

Forthcoming events

The first three EVPA events take place during European Foundation Week – www.efc.be/foundationweek

● 31 May – cocktail evening, Brussels:

EVPA members are invited to a cocktail evening hosted by Fondazione CRT in connection with the 1 June event. RSVP to +39 (011) 562 73 96, fondazionecrt@agenziauno.com

● 1 June – Workshop – new ideas and experiences in granting and supporting social investments: The “strange” case of Fondazione CRT and its network,

Brussels: Angelo Miglietta, secretary general of Fondazione CRT, Deirdre Mortell, co-founder and chief executive of The One Foundation, and Gerry Salole, chief executive of European Foundation Centre, will discuss the use of financial instruments connected with venture philanthropy within a classical foundation. Contact: Stefania Coni, stefania_coni@fondazionecrt.it, +39 (011) 662 25 99

● 1-2 June – EVPA Finance & Funding

Working Group Workshop, Brussels: The event is open to both EVPA members and potential members. Topics will include grants-to-equity overview, choosing the right financing model, exit strategies, equity tools in philanthropy, loans and other “innovative” financing mechanisms, managing a combination of financing techniques within an organisation. Contact: Beate Trüeck, btrueck@evpa.eu.com, +32 (2) 534 33 45 www.evpa.eu.com/upcomingevents.php

● 24 June – EVPA French Country

Interest Group, Paris: Hosted by Natixis Private Equity, the event takes place with the support of Crédit Coopératif. Topics for this breakfast meeting include the fundamentals of venture philanthropy, profiles of venture philanthropists and case studies presented by the parties involved. Contact: Daphné Picq, daphne-picq@natixis-pe.com, +33 (1) 58 19 49 12

● 31 October – Marathon of Marathons,

Athens: To celebrate the 2,500th anniversary of Pheidippide's historic run from Marathon to Athens, Campbell Lutyens and PEI Media are bringing together 250 people from the private equity and infrastructure communities to run the Athens marathon. The aim is to raise €2.5m for children's charities, including Unicef, and two venture philanthropy charities: Impetus Trust and the Private Equity Foundation.

www.marathonofmarathons.org. Contact:

info@marathonofmarathons.org, +44 (20) 74 89 71 91

● 29 June – Impetus Site Visit, London:

This event has been rescheduled from 21 April. Site visits allow participants a closer look at the operations of more experienced organisations. Impetus Trust was the UK's first general venture philanthropy fund and one of EVPA's most experienced members. Impetus will share its strategy and presenting cases involving grantees and projects. This event is for EVPA members only. Contact: Jory Buhay, jbuhay@evpa.eu.com, +32 (2) 534 62 28

www.evpa.eu.com/upcomingevents.php

● 16-17 November – EVPA annual general assembly and conference, Luxembourg:

The conference theme is Venture philanthropy and social investing – “converging roads?” Event sponsors this year is a consortium of local organisations consisting of Banque de Luxembourg, European Investment Bank, Ernst & Young, ADA Microfinance, Loyens & Loeff. www.evpa.eu.com/upcomingevents.php

Previous events

● **Venice, 18-19 March 2010:** A group of leading venture philanthropy executives gathered in the offices of the Fondazione di Venezia at this Italian city to discuss the latest developments and future challenges in venture philanthropy. There were debates and discussions about partnerships and co-investment with both government and corporations. Social performance measurement was also a hot issue, with many agreeing it would be helpful to have standardisation of what is meant by social impact. Talks about social investment centred on how to blend social impact with sustainable financial returns. Ideas were exchanged about what the strategic direction of the EVPA should be in terms of recruiting new members, as well as whether the association should provide guidelines for best practice. Finally, participants reflected on how venture philanthropy could achieve the greatest impact.

● **Knowledge Centre:** This was formally launched in Brussels on 25 March with funding from five supporters – Invest for Children, Impetus Trust, Natixis Private Equity, Fondazione CRT and Noaber Foundation – with research director Lisa Hehenberger on board. The first publication, Distance Learning, which was launched at the EVPA Amsterdam conference, has already been followed by a shorter

monograph, Venture Philanthropy for Business Schools: Two Case Studies. Investing in Social Enterprises is the third report and will be going to print by the end of May. A Venture Philanthropy for Foundations publication, which will document case studies of classical foundations moving into venture philanthropy, is scheduled to come out by September and a similar report, this time involving private equity firms, is planned for the end of the year. Preparations are under way for a Knowledge Centre section on the EVPA website as well as a Knowledge Centre database which will seek to collect and analyse information.

Thoughts for the month

“ I believe that entrepreneurial philanthropies who invest in innovations, such as medical ones, can yield social benefits at least as large as those from venture philanthropy funds which help the homeless and other such causes. What is more, some of these innovations (the minority, of course) will ultimately be financially profitable. They will therefore generate financial returns for our societies, which will in turn help pay for our welfare systems that cannot possibly be sustained without additional growth. But unless we do more to advance innovation, there will be no further high growth for our sclerotic European economies. I see a huge field of action here for venture philanthropy.”



Stephan Gutzeit,
executive director, Stiftung Charite

“ A call by church leaders in the UK for chief executive pay to be within a multiple of 75 times the lowest workers pay has been greeted as mad, bad, and dangerous in some quarters. As John McEnroe would say: “You cannot be serious.” The haves and have-nots really do live on different planets.”



Dawn Austwick, chief executive,
Esmée Fairbairn Foundation

What do you think? Email us with your thoughts and other quotes.

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